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IN THE

Supreme Court of the United States

OCTOBER TERM, A. D. 1954

No. 138

EXCEL AUTO RADIATOR COMPANY,
Petitioner,

vs.

THE BISHOP AND BABCOCK MANUFACTURING COMPANY,
Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT AND BRIEF IN SUPPORT THEREOF

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To the Honorable Earl Warren, Chief Justice of the United States, and the Associate Justices of the Supreme Court of the United States:

Your petitioner respectfully shows:

Summary Statement of Matter Involved

Petitioner (plaintiff below) seeks a review of a judgment of the United States Court of Appeals for the Sixth Circuit rendered April 21, 1954 (R. II-1), rehearing denied May

18, 1954 (R. II-9). That judgment affirmed a judgmen (R. II-152a) of the District Court of the United States fo the Northern District of Ohio, Eastern Division, entere March 6, 1953, for respondent in an action commence September 21, 1945, by petitioner against respondent unde the Declaratory Judgment Act (28 U.S.C. 274d) seekin to have Mayo patent No. 2,322,041 (R. I-157a) for auto motive vehicle heating apparatus declared invalid, an in which respondent counterclaimed charging infringe ment.*

The affirmed judgment, which was entered followin an accounting after an appeal from an interlocutory judg ment for respondent, among other things, adjudged tha respondent recover from petitioner the sum of $50,314.6 (comprising general damages for infringement of $28,314.6 and attorneys' fees of $22,000.00) with costs.

The questions presented relate to that part of the judg ment comprising attorney fees and particularly to th interpretation, application and exercise of jurisdictio under old 35 U.S.C. 70,[1] and new 35 U.S.C. 285,[2] pertainin to the award of reasonable attorney fees to the prevailin party in an action for patent infringement. The questio arise in view of the award of attorney fees to responde in these circumstances:

The award was made in the first instance, generally an without fixing the amount, in an interlocutory judgmer (R. I-37a) entered prior to the effective date of the latte

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* Petitioner was impelled to challenge the validity of the Ma patent in view of the decision of the Court of Customs and Pate Appeals in *Sperry* v. *Payne*, 141 F. (2) 816, establishing reducti to practice of its accused structure prior to the earliest date invention available to Mayo, a very compelling reason.

[1] As amended by the Act of August 1, 1946; Chap. 726, Sec. 60 Stat. 778. See Appendix I.

[2] Act of July 19, 1952; Chap. 950, 66 Stat. 813. See Appendix

Act, without any finding or statement of facts or circumstances supporting the award.

The interlocutory judgment was reversed as to the validity of one claim on appeal but affirmed in all other respects (R. I-57a) and subsequently modified (R. I-58a, 68a).

The District Court's order (R. I-150a) confirming Master's report on accounting, and fixing amounts of damages and attorney fees, including a finding that no bad faith on the part of petitioner was established by the proofs and denied treble damages, and was entered March 6, 1953, subsequent to the effective date of said latter Act.

The Court of Appeals in affirming the final judgment of the District Court held that the award of attorney fees was a matter of discretion under 35 U.S.C. 70 and that there had been no abuse of discretion, that the award of attorney fees had previously been reviewed and affirmed and should be revised only under exceptional circumstances, and that the Act of July 19, 1952, did not apply in view of the provisions of Section 5 thereof.[1]

Further details of the proceedings prior to the entry of judgment of which review is sought are set forth in the "Statement of the Case" in the accompanying brief.

Jurisdiction

This Court has jurisdiction to review the aforesaid judgment of the United States Court of Appeals for the Sixth Circuit under Title 28, United States Code, Section 1254(1).

This petition is presented within three months from and after the said judgment of April 21, 1954, and the order of said Court of Appeals entered May 18, 1954, denying petition for rehearing.

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[1] See Appendix I.

Questions Presented

1. Is an award by a District Court of the United States of reasonable attorney fees to the prevailing party in an action for patent infringement authorized under old Title 35, United States Code, Sec. 70, as amended by the Act of August 1, 1946, Chap. 726, 60 Stat. 778, in the circumstances presented?

2. Is such an award in similar circumstances authorized under new Title 35, United States Code, Sec. 285?

3. Whether old Title 35, United States Code, Sec. 70, as amended by the Act of August 1, 1946, Chap. 726, 60 Stat. 778, or new Title 35, United States Code, Sec. 285, governs the award of reasonable attorney fees to the prevailing party in the circumstances presented?

4. Does an award by a District Court of the United States of reasonable attorney fees to the prevailing party in an action for patent infringement constitute an abuse of the discretion conferred by old Title 35, United States Code, Sec. 70, as amended by the Act of August 1, 1946, Chap. 726, 60 Stat. 778, requiring reversal of the award on appeal from final judgment embodying it, under the doctrine of *Messinger* v. *Anderson,* 225 U. S. 436, notwithstanding the award was made generally, but without fixing the amount, in the first instance in an interlocutory judgment which was affirmed as to the award but modified in other respects affecting substantial rights of the parties on a previous appeal, where there was no showing, and no finding or determination that the losing party was guilty of unfairness, vexatious or other inequitable conduct, either before or during the pendency of the action, or that an allowance of attorney fees to the prevailing party was necessary to prevent injustice to that party, and the District Court in its order for final judgment included a

finding of fact that no bad faith on the part of the losing party was established by the proofs?

Reasons for Granting the Writ

1. The Court of Appeals, in affirming the judgment of the District Court, interpreted and applied old Title 35, United States Code, Sec. 70, as amended by Act of August 1, 1946, in a manner in conflict with numerous and substantially uniform decisions of other federal courts. An important question of federal law which has not been, but should be, settled by this Court is involved. Rule 38(5b).

2. The Court of Appeals' interpretation of that statute thwarts its purpose and penalizes, makes hazardous and discourages challenge of the validity of patents in contravention of the doctrine of freedom so to do repeatedly expressed by this Court. *Katzinger* v. *Chicago Metallic Mfg. Co.*, 329 U. S. 394, 400, 401.

3. The Court of Appeals, in affirming said judgment, misapplied Section 5 of the Act of July 19, 1952, Chap. 950, 66 Stat. 815. The decision involves an important question of federal law which has not been, but should be, settled by this Court.

4. The Court of Appeals, in affirming said judgment, and refusing to set aside the award of attorney fees to respondent in the circumstances stated so far departed from the accepted and usual course of judicial proceedings, and so far sanctioned such a departure by the District Court, as to call for an exercise of this Court's power of supervision, particularly in view of *Messinger* v. *Anderson*, 225 U. S. 436.

Wherefore, petitioner prays that a writ of certiorari issue under the seal of this Court directed to the United

States Court of Appeals for the Sixth Circuit sitting at Cincinnati, Ohio, commanding said court to certify and send to this Court on a day to be designated a full and complete transcript of the record and all proceedings of the said Court of Appeals had in the case numbered and entitled on its Docket No. 11,962, *Excel Auto Radiator Company* v. *The Bishop and Babcock Manufacturing Company,* to the end that this cause may be reviewed and determined by this Court; that the judgment therein of the said Court of Appeals be reversed by this Court; and that petitioner have such other and further relief as this Court may deem proper.

BENTON BAKER,
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Counsel for Petitioner.

BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

OPINIONS OF THE COURTS BELOW

The Court of Appeals entered its judgment of April 21, 1954, of which review is sought (R. II-1), and its order of May 18, 1954, denying petition for rehearing (R. II-9), without opinion.

The previously rendered opinion of that Court (R. I-41a) entered with its order of May 3, 1948, affirming the interlocutory judgment of the District Court is officially reported in *Excel Auto Radiator Co.* v. *Bishop and Babcock Mfg. Co.*, 167 F(2) 962. The order of the Court of Appeals modifying that opinion and denying petition for rehearing was entered June 2, 1948, without opinion. This Court denied certiorari as to patentability in *Excel Auto Radiator Co.* v. *Bishop and Babcock Mfg. Co.*, October Term 1948, No. 162, 335 U. S. 823; reh. den. 335 U. S. 868, 337 U. S. 920.

A memorandum opinion of the District Court overruling petitioner's motion for relief from judgment is reported in *Excel Auto Radiator Co.* v. *Bishop and Babcock Mfg. Co.* (N.D. Ohio), 86 F. Supp. 880.

JURISDICTION

Review of the judgment of the Court of Appeals is authorized under 28 U.S.C. 1254(1).

STATEMENT OF THE CASE

The interlocutory judgment (R. I-37a) mentioned in the accompanying petition and which was the subject of review in *Excel Auto Radiator Co.* v. *Bishop and Babcock Mfg. Co.*, 167 F(2) 962, and as to which this Court denied certiorari as above noted, was entered June 10, 1947, upon

findings of fact and conclusions of law (R. I-31a) made after trial in open court and memorandum opinion (R. I-10a) filed May 6, 1947, by the District Court. That interlocutory judgment:

(1) Adjudged the patent in suit valid as to all claims,

(2) Adjudged that petitioner infringed all claims, except one (11),

(3) Adjudged that respondent recover from petitioner "all damages . . . sustained by reason of said infringement . . . together with costs, interest and reasonable attorneys' fees",

(4) Referred the case to a Special Master for an accounting of profits and damages,

(5) Ordered an injunction, and

(6) Dismissed the original complaint for want of equity.

Neither the findings of fact, conclusions of law nor memorandum opinion contained any statement of reason or of facts or circumstances which might constitute a basis for an award of reasonable attorney fees to respondent.

On petitioner's appeal (R. I-40a) generally from the interlocutory judgment, the Court of Appeals for the Sixth Circuit first affirmed that judgment in an opinion (R. I-41a) and order (R. I-54a) entered May 3, 1948. However, on petition for rehearing (R. I-55a) pointing out that the Court of Appeals in its opinion had determined that Claim 6 was invalid, and that there was no basis for an award of attorneys' fees, that court, though denying the petition, on June 2, 1948, modified (R. I-57a) its judgment to the extent of reversing the judgment of the District Court as to Claim 6. Following denial by this Court on October 11, 1948, of petition for writ of certiorari, which did not touch the award of attorney fees, the judgment of the

District Court was so modified (R. I-58a) on October 19, 1948.

Subsequently, respondent having filed a motion for determination of, and judgment for, reasonable attorneys' fees (R. II-1a) and petitioner having filed a motion to reform the judgment of October 19, 1948, by deleting "reasonable attorneys' fees" (R. I-59a), the District Court by order (R. I-62a) entered September 23, 1949, pursuant to a memorandum opinion [1] (R. I-63a) filed the previous day, denied petitioner's motion and deferred ruling upon respondent's motion until after a determination and recommendation by a Master of what should be the amount of reasonable attorneys' fees. The District Court did so, without explaining or attempting to justify the award of reasonable attorneys' fees, holding that there was no basis for striking the award, and stating that the question was presented to the Court of Appeals and that it had made no order or finding inconsistent with the award, that the District Court was bound to fix reasonable attorneys' fees, and that petitioner, if dissatisfied with the award, might appeal from it. In that memorandum opinion, however, the District Court said (R. I-66a):

> "In view of the fact that two of the claims of the defendant's patent were found invalid and not infringed, defendant should not be awarded full attorneys' fees, but some effort should be made to base the award upon the relative importance of the claims which were held valid."

During the proceedings before the Master the District Court on March 10, 1950, of its own motion struck from its judgment of June 10, 1947, the item of "profits derived by plaintiff" as having been included by inadvertence (R. I-68a).

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[1] *Excel Auto Radiator Co.* v. *Bishop and Babcock Mfg. Co.* (N.D. Ohio), 86 F. Supp. 880.

The report of the Master (R. I-86a) filed October 1, 1952, recommended an award of general damages in the amount of $28,314.60 and attorneys' fees in the amount of $27,000.00 and not only additionally recommended that respondent's claim for treble damages be refused but expressly exonerated petitioner of all charges of bad faith in the bringing and prosecution of the action.

The Master did not pass upon the question raised by petitioner, as to whether "any attorneys' fees at all" should be awarded to respondent (Supplemental Statement of Master, R. I-125a).

The District Court, over petitioner's objections and request for an oral hearing thereon (R. I-132a, 140a), without oral hearing, in a memorandum filed January 29, 1953 (R. I-144a), approved and confirmed the Master's report. Petitioner's motion to reconsider this decision, in view of Title 35, United States Code, Section 285, filed February 3, 1953, was denied in a memorandum opinion filed March 6, 1953 (R. I-149a).

The District Court then entered an order (R. I-150a), among other things, denying petitioner's motion to dismiss the accounting proceedings, overruling all objections to the Master's report and approving, confirming and adopting the same in all respects, except as to "the amounts of attorneys' fees recommended", and particularly approving, confirming and adopting the findings of fact contained in that report and in the District Court's memorandum thereon of January 29, 1953. This order additionally included further findings of fact, and conclusions of law, and directed entry of judgment accordingly.

The further findings of fact, in addition to fixing the amount of general damages as $28,314.60 included these findings:

"(e) No bad faith on the part of plaintiff being

established by the proofs, the damages assessed as aforesaid should not be increased; and

"(d) The reasonable attorneys' fees of the defendant in this cause, in respect of the proceedings herein occurring prior to November 15, 1948, are in the sum of $22,000.00."

Judgment was thereupon entered (R. I-152a) as previously stated.

On its appeal from that judgment petitioner attacked the award of attorney fees not only as to amount but as to the authority of the District Court to make any award in view not only of the absence of any supporting finding of bad faith or inequitable conduct on the part of petitioner but of the express finding to the contrary. In so doing petitioner contended that new 35 U.S.C. 285 applied rather than old 35 U.S.C. 70 and that in any event the former was a mere codification of the latter as judicially interpreted and that the requirements for an award were the same in either case and had not been met. These contentions were amplified in the petition for rehearing filed and denied following judgment of the Court of Appeals as already stated in the foregoing petition.

SPECIFICATION OF ERRORS

The errors which petitioner will urge, if the writ of certiorari be issued, are that the Court of Appeals for the Sixth Circuit erred:

1. In affirming the judgment of the District Court entered March 6, 1953, and in failing to reverse the said judgment.

2. In holding that the judgment for reasonable attorney fees rested in the discretion of the trial court and that there was no abuse of discretion.

3. In failing to hold that the record in the case affords no basis for an award of reasonable attorney

fees to respondent and that the District Court in awarding attorney fees to respondent abused its discretion and exceeded its jurisdiction.

4. In holding that the judgment of the District Court allowing reasonable attorney fees had already been reviewed and affirmed and that it should be revised only under exceptional circumstances, and in failing to hold that the award of reasonable attorney fees in the interlocutory judgment of the District Court was merely an award *in fieri* and remained so until the entry of final judgment fixing the amount of such fees when the award became reviewable in whole and irrespective of "exceptional circumstances" as stated in the judgment.

5. In failing to hold that the absence of any supporting finding of bad faith or inequitable conduct on the part of petitioner or other basis for an award of reasonable attorney fees under the statute, and the express finding in the order on which final judgment of the District Court was entered that no bad faith on the part of petitioner was established by the proofs, constituted "exceptional circumstances" requiring that the award of attorney fees to respondent be set aside.

6. In holding that the allowance of reasonable attorney fees is not controlled by the Act of July 19, 1952 (66 Stat. 813), and in failing to hold the contrary.

7. In holding that the allowance of reasonable attorney fees in this case is controlled by old Title 35, United States Code, Section 70, as amended by the Act of August 1, 1946, and in failing to hold the contrary.

SUMMARY OF ARGUMENT

The Court of Appeals in applying old 35 U.S.C. 70 interpreted it, in effect, as authorizing an award of reasonable attorney fees to the prevailing party in any patent case, at the option of the District Court, as a matter of course and irrespective of any showing or finding of exceptional circumstances involving bad faith or vexatious or other inequitable conduct on the part of the losing party. Other

federal courts, including the Court of Appeals in several circuits, quite uniformly have held that there may be no award of attorney fees without a specific finding of such circumstances to justify such an award and that an award in the absence of such a finding constitutes an abuse of discretion requiring reversal. There is thus a conflict involving an important question of federal law which has not been, but should be, settled by this Court.

The decision of the Court of Appeals thwarts the purpose of the statute and penalizes unsuccessful challenge of the validity of patents. It thereby makes hazardous and discourages such challenge in contravention of the doctrine of freedom so to do expressed by this Court in the *Katzinger* and numerous other cases.

The Court of Appeals interpreted Section 5 of the Act of July 19, 1952, Chap. 950, 66 Stat. 815, as excluding application of new 35 U.S.C. 285 in the instant case. It erroneously considered that there existed on the effective date of that Act (January 1, 1953) a right of respondent to and a liability of petitioner for reasonable attorney fees by virtue of the interlocutory judgment of June 10, 1947. The phrase "upon the entry of judgment" in that part of old 35 U.S.C. 70 authorizing an award of attorney fees should be interpreted as having reference to a final judgment, not an interlocutory judgment. The award of reasonable attorney fees to respondent generally in the first instance in the interlocutory judgment was an award *in fieri* and remained so at all times until after the effective date of the Act of July 19, 1952. The award of attorney fees in this case should be considered as controlled by new 35 U.S.C. 285, not old 35 U.S.C. 70.

The Court of Appeals, in view of the absence of any showing or finding of exceptional circumstances involving

bad faith or vexatious or other inequitable conduct on the part of petitioner, and in view of the express finding of the District Court in the order upon which the final judgment of that Court was entered that no bad faith on the part of petitioner was established in the proofs, was duty bound to review and to set aside the award of reasonable attorney fees to respondent on petitioner's appeal. This is so irrespective of any question of the law of the case or *res judicata.* This Court should exercise its power of supervision in keeping with *Messinger* v. *Anderson,* 225 U.S. 436.

ARGUMENT

I

An Important Question of Federal Law is Presented in View of the Interpretation and Application of Old 35 U.S.C. 70 by the Court of Appeals in a Manner Opposed to Numerous Substantially Uniform Decisions of Other Federal Courts.

The Court of Appeals predicates its affirmance of the final judgment of the District Court, in part, upon this recital in its judgment (R. 11-2):

> "... under the statute applicable to this case, 35 U.S.C. § 70, the judgment for reasonable attorneys' fees rested in the discretion of the trial court and ... there was no abuse of discretion. *Algren Watch Findings Co., Inc.* v. *Kalinsky*, 197 Fed. (2d) 69, 72 (C.A. 2); *Blanc* v. *Spartan Tool Co.*, 178 Fed. (2d) 104 (C.A. 7)."

The Court of Appeals, in so holding, interpreted the statute which it applied contrary to the interpretation adopted and applied generally by other federal courts. It held in effect that the statute authorizes an award of attorney fees to the prevailing party at the mere option of a District Court without any finding of exceptional circumstances involving bad faith or vexatious or other inequitable conduct on the part of the losing party and, indeed, in the face of an express finding (R. I-151a) that no bad faith on the part of the plaintiff had been established by the proofs.

Other federal courts quite uniformly have held, consistently with the doctrine of the *Katzinger* case, that there may be no award of attorney fees under 35 U.S.C. 70 without a specific finding of unfairness, bad faith or other in-

equitable conduct on the part of the losing party. Perhaps the leading case on the subject is *Park-In-Theatres* v. *Perkins* (C.C.A. 9), 190 F. (2) 137. Considering a finding upon which the District Court had made an award of attorney fees as without support in the record the Court (Hastie, C. J.) set aside the award and stated the applicable principles as follows (p. 142):

> "The principles which guide and control such an allowance are clear. The power is statutory; it was granted by Congress only five years ago, and it is phrased in terms of judicial discretion. 'The court may in its discretion award reasonable attorneys' fees to the prevailing party upon the entry of judgment on any patent case.' Act of August 1, 1946, 60 Stat. 778, 35 U.S.C.A. § 70. But in granting this power, *Congress made plain its intention that such fees be allowed only in extraordinary circumstances.* The Reports of House and Senate Committees recommending this enactment provided in identical terms that *'It is not contemplated that the recovery of attorneys' fees will become an ordinary thing in patent suits, * * *. The provision is also made general so as to enable the court to prevent a gross injustice to an alleged infringer.'* 1946 U.S. Code Congressional Service 1386, 1387. Thus, the payment of attorneys' fees for the victor is not to be regarded as a penalty for failure to win a patent infringement suit. The exercise of discretion in favor *of such an allowance should be bottomed upon a finding of unfairness or bad faith in the conduct of the losing party, or some other equitable consideration of similar force, which makes it grossly unjust that the* winner of the particular law suit be left to bear the burden of his own counsel fees which prevailing litigants normally bear. . . ."[1] (Italics supplied)

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[1] Cited in support of this view were *Phillips Petroleum Co.* v. *Esso Standard Oil Co.*, D.C.D. Md. 1950, 91 F. Supp. 215, affirmed 4 Cir., 1950, 185 F. 2d 672. *Associated Plastics Co.* v. *Gits Molding Corp.*, 7 Cir., 1950, 182 F. 2d 1000; *Union Nat. Bk. of Youngstown, Ohio* v. *Superior Steel Corp.*, D.C.W.D. Pa. 1949, 9 F.R.D. 117; *Hall* v. *Keller*, D.C.W.D. La. 1949, 81 F. Supp. 835, modified (on other grounds), 5 Cir., 1950, 180 F. 2d 753, certiorari denied 1950, 340 U.S. 818, 71 S. Ct. 48; *Lincoln Electric Co.* v. *Linde Air Products Co.*, D.C.N.D. Ohio 1947, 74 F. Supp. 293, affirmed 6 Cir., 1948, 171 F. 2d 223.

There are numerous cases to the same effect.[2]

In *Pennsylvania Crusher Co.* v. *Bethlehem Steel Co.* (C.C.A. 3), 193 F. (2) 445, the court (Staley, C. J.), in reversing a judgment as to an award of attorney fees, said, in part (p. 450):

> "The district court made no finding setting forth the reason for the award. Several other Circuits have held that unless the basis of the award is clearly stated by the trial court, the award will be set aside. *Laufenberg, Inc.* v. *Goldblatt Bros.*, 7 Cir., 1951, 187 F. 2d 823, 825; *Dubil* v. *Rayford Camp & Co., supra.* We think this rule is a sound one and should be applied here."

The decisions of the federal courts opposed to that of the Court of Appeals in this case find support in the report of the Committee on the Judiciary of the House of Representatives concerning HR 7794, on page 30, which resulted in the Act of July 19, 1952, to the effect that the inclusion of the words "in exceptional cases" in new 35 U.S.C. 285 merely expresses the intention of old 35 U.S.C. 70 "as shown by its legislative history and as interpreted by the courts."

The cases cited by the Court of Appeals are not quite in point and, to the extent that they do support its position, are out of line. First, in both cases, there was a showing of reason for the award of attorney fees, whereas in the instant case there was not only no such showing but a finding to the contrary.

In *Algren Watch Findings Co.* v. *Kalinsky* (C.C.A. 2), 197 F. (2) 69, the court (Augustus N. Hand, C. J.) said (p. 72):

> ". . . such an award is clearly discretionary, 35 U.S.C. § 70, and we cannot see that the trial court

[2] See Appendix II.

> abused its discretion in making the award. The deficiency of the proof which the plaintiff offered at the trial could well have been taken as an indication of bad faith especially when considered along with the fact that it failed to call the inventor as a witness when it had become quite apparent that his testimony was essential to support its case."

In *Blanc* v. *Spartan Tool Co.* (C.C.A. 7), 178 F. (2) 104, the District Court had stated its reason for awarding attorney fees, which was questioned on a previous appeal from an interlocutory judgment and affirmed. Notwithstanding that affirmance was considered "as the law of the case," the court on a later appeal from the final judgment reconsidered the question of the propriety of the award and again concluded that the circumstances stated by the District Court justified its exercise of discretion, saying, however (p. 105):

> ". . . We agree with the decision cited by plaintiff, *Lincoln Electric Co.* v. *Linde Air Products Co.*, D.C. 74 F. Supp. 293, that attorneys' fees are not to be allowed in the usual patent case. . . ."

The District Court, in awarding attorney fees to respondent, without supporting finding or statement of reason, clearly committed an abuse of discretion and exceeded its jurisdiction under 35 U.S.C. 70. The Court of Appeals, particularly in view of the District Court's finding of fact contained in its order confirming report of Special Master (R. I-115a) (after appeal from the interlocutory judgment and modification thereof) that no bad faith on the part of petitioner had been established by the proofs, should have set aside the award and reversed the judgment of the District Court. It is important in view of the pendency in the district courts of the United States of many patent cases in which interlocutory judgment was entered prior to the effective date of the Act of July 19, 1952, that the

conflict in the interpretation of old 35 U.S.C. 70 be settled by this Court.

II

The Decision of the Court of Appeals Contravenes the Doctrine of Freedom to Challenge the Validity of Patents Repeatedly Expressed by this Court.

To permit an award of attorney fees to the prevailing party as a matter of course in an ordinary patent case, as the Court of Appeals did, thwarts the very purpose of the statute, namely, to prevent gross injustice to a successful litigant. It penalizes a losing plaintiff in an action for declaratory judgment seeking freedom from patents believed to be invalid as well as a losing defendant interposing in good faith a defense of invalidity in an action for infringement.[1] It thus contravenes the doctrine repeatedly stated in decisions of this Court of freedom of the individual to challenge the validity of patents believed to be invalid. *Katzinger* v. *Chicago Metallic Mfg. Co.*, 329 U.S. 394, 400, 401. As the court said in that case, referring to its earlier decision in *Scott Paper Co.* v. *Marcalus Mfg. Co.*, 326 U.S. 249 (pp. 400, 401):

> "In thus emphasizing the necessity of protecting our competitive economy by keeping open the way for interested persons to challenge the validity of patents which might be shown to be invalid, the Court was but stating an often expressed policy that 'it is the public

[1] Petitioner was fortified, in its undertaking to invalidate the patent in suit, by a decision of the Court of Customs and Patent Appeals in *Sperry* v. *Payne*, 141 F. (2) 816, establishing reduction to practice of its accused structure prior to the earliest date of invention available to the patentee Mayo. Petitioner failed in that undertaking in part because the District Court would not accept the record before the Court of Customs and Patent Appeals in that case (notwithstanding the real parties in interest in both cases were the same), petitioner's principal witness meanwhile having died.

interest which is dominant in the patent system,' . . . [citing the *Mercoid* case], and that the right to challenge 'is not only a private right to the individual, but is founded on public policy which is promoted by his making the defense, and contravened by his refusal to make it.' "

III

An Important Question of Federal Law Arises From the Court of Appeals' Interpretation of Section 5 of the Act of July 19, 1952, Chap. 950, 66 Stat. 815, as Excluding Application of New 35 U.S.C. 285, In the Instant Case.

The Court of Appeals, in its judgment, said (R. II-2), in part:

> ". . . the allowance of reasonable attorneys' fees herein is not controlled by the Act of July 19, 1952 (66 Stat. 813), but falls within § 5 of the Act, 66 Stat. 815, which repealed, together with other sections, R.S. 4921 (35 U.S.C. § 70) and provided that any rights or liabilities then existing under such section or parts thereof should not be affected by this repeal."

So holding it considered that on the effective date,[1] i. e., January 1, 1953, of the Act in question, a right of respondent to and a liability of petitioner for reasonable attorney fees existed by virtue of the interlocutory judgment entered by the District Court June 10, 1947, which had been affirmed (except in other respects) on the previous appeal. Petitioner contends that no such right or liability existed within the meaning of Section 5 at that time.

The award of reasonable attorney fees to respondent generally in the first instance in the interlocutory judgment not only constituted an abuse of discretion and exceeded the jurisdiction of the Court but was an award *in fieri* and remained so at all times until after the effective date of the Act of July 19, 1952. The interlocutory

[1] See Sec. 4, Act of July 19, 1952, Chap. 950, Appendix I.

judgment was in fact modified on appeal in respects affecting the question of right of respondent to an award of attorney fees, an important claim of the patent in suit having been invalidated. More important, however, the District Court in its order for the first time fixing the amount of the award of attorney fees and upon which final judgment was entered on March 6, 1953 (after the effective date of the Act in question), made a finding of fact incompatible with the award, namely, that no bad faith on the part of petitioner had been established by the proofs. Moreover, the phrase "upon the entry of judgment" in that part of old 35 U.S.C. 70 authorizing an award of attorney fees plainly connotes the entry of *final* judgment, for only then could the District Court properly exercise discretion in determining whether or not an award of attorney fees to the prevailing party should be made.

The award of attorney fees in this case, petitioner submits, should be considered as controlled by new 35 U.S.C. 285 not old 35 U.S.C. 70.

It may be noted in this connection, that the Committee on the Judiciary of the House of Representatives in its report concerning HR 7794, on page 30, said of what is now 35 U.S.C. 285:

> "This section is substantially the same as the corresponding provision in RS 4921; 'in exceptional cases' has been added as expressing the intention of the present statute as shown by its legislative history and *as interpreted by the courts.*" (Italics supplied.)

It would seem, therefore, that under either statutory provision there was no basis for an award of reasonable attorney fees to respondent. The importance of the determination of the question presented rests upon grounds similar to those stated under the preceding topics.

IV

The Court of Appeals' Refusal to Set Aside the Award of Attorney Fees to Respondent in the Circumstances Presented Calls for an Exercise of This Court's Power of Supervision.

The Court of Appeals, as indicated in its judgment, apparently considered that in view of its affirmance on the previous appeal of that part of the judgment of the District Court allowing reasonable attorney fees to respondent, that award had become the law of the case and should be revised only under exceptional circumstances. To this proposition it cited two cases previously decided by it: *General American Life Ins. Co.* v. *Anderson,* 156 F. (2) 615, and *Williams* v. *Order of Commercial Travelers,* 41 F. (2) 745. Both go to the "law of the case" and recognize that even where "the law of the case" is applicable an inconsistent decision on the second review is proper when clearly called for. See *Lawrence-Williams Co.* v. *Societe Enfants Gombault Et Cie* (C.C.A. 6), 52 F. (2) 774, citing the *Messinger* case. Neither case presented facts or a situation comparable with the instant case.

Here, as previously noted, there was not only an abuse of discretion and excess of jurisdiction in the award generally of attorney fees in the first instance in the interlocutory judgment which was reviewed on the first appeal, but there was an express finding of the District Court subsequently in the order upon which the final judgment of that Court was entered incompatible with the award in the first instance, namely, that no bad faith on the part of petitioner was established in the proofs. In such circumstances the Court of Appeals was duty bound to review and to set aside the award of reasonable attorney fees to respondent on petitioner's appeal. It was so bound ir-

respective of any question of the law of the case or *res judicata.*[1]

This Court should exercise its power of supervision in keeping with *Messinger* v. *Anderson,* 225 U.S. 436.

For the reasons stated petitioner requests that the writ issue.

Respectfully submitted,
BENTON BAKER,
MAX W. ZABEL,
Counsel for Petitioner.

[1] That the decision on the former appeal is not *res judicata*, see *Wichita Royalty Co.* v. *City National Bank*, 306 U.S. 103, 107; *Burnrite Coal Briquette Co.* v. *Riggs*, 274 U.S. 208, 215.

APPENDIX I

United States Code, Tit. 35, Sec. 70 (old)

§ 70. Power of court to grant injunctions; recovery of general damages; assessment; elements of general damages; increase of damages; limitations; notice to Commissioner of suits and judgments rendered.

The several courts vested with jurisdiction of cases arising under the patent laws shall have power to grant injunctions according to the course and principles of courts of equity, to prevent the violation of any right secured by patent, on such terms as the court may deem reasonable; and upon a judgment being rendered in any case for an infringement the complainant shall be entitled to recover general damages which shall be due compensation for making, using, or selling the invention, not less than a reasonable royalty therefor, together with such costs, and interests, as may be fixed by the court. *The court may in its discretion award reasonable attorneys' fees to the prevailing party upon the entry of judgment on any patent case.* (Italics supplied.)

The court is authorized to receive expert or opinion evidence upon which to determine in conjunction with any other evidence in the record, due compensation for making, using, or selling the invention, and such expert or opinion evidence is declared to be competent and admissible subject to the general rules of evidence applicable thereto.

The court shall assess said damages, or cause the same to be assessed, under its direction and shall have the same power to increase the assessed damages, in its discretion, as is given to increase the damages found by verdicts in actions in the nature of actions of trespass upon the case;

but recovery shall not be had for any infringement committed more than six years prior to the filing of the complaint in the action. And it shall be the duty of the clerks of such courts within one month after the filing of any action, suit, or proceeding arising under the patent laws to give notice thereof in writing to the Commissioner of Patents, setting forth in order so far as known the names and addresses of the litigants, names of the inventors, and the designating number or numbers of the patent or patents upon which the action, suit, or proceeding has been brought, and in the event any other patent or patents be subsequently included in the action, suit, or proceeding by amendment, answer, cross bill, or other pleading, the clerk shall give like notice thereof to the Commissioner of Patents, and within one month after the decision is rendered or a judgment issued the clerk of the court shall give notice thereof to the Commissioner of Patents, and it shall be the duty of the Commissioner of Patents on receipt of such notice forthwith to endorse the same upon the file wrapper of the said patent or patents, and to incorporate the same as a part of the contents of said file or file wrapper. R.S. § 4921; Mar. 3, 1897, c. 391, § 6, 29 Stat. 694; Feb. 18, 1922, c. 58, § 8, 52 Stat. 392; Aug. 1, 1946, c. 726, § 1, 60 Stat. 778.

See 1946 United States Code, Congressional Services, p. 1386, for legislative history and purposes of the Act of August 1, 1946.

United States Code, Tit. 35, Sec. 285 (new)

§ 285—Attorney Fees.

The court in exceptional cases may award reasonable attorney fees to the prevailing party. July 19, 1952, c. 950, § 1, 66 Stat. 813.

See United States Code, Congressional and Administrative News, 82nd Congress, 2nd Session, 1952, Vol. 2, pp. 2394, 2423 for reports of Committee on the Judiciary, Senate and House pertinent to this section.

Act of July 19, 1952, Chap. 950

Sec. 4.

(a) This Act shall take effect on January 1, 1953, and shall apply to all applications for patent filed on or after such date and to all patents granted on such applications. It shall apply to further proceedings on applications pending on such date and to patents granted on such applications except as otherwise provided. It shall apply to unexpired patents granted prior to such date except as otherwise provided.

Sec. 5.

The sections or parts thereof of the Revised Statutes or Statutes at Large enumerated in the following schedule are hereby repealed. Any rights or liabilities now existing under such sections or parts thereof shall not be affected by this repeal.

The schedule includes 35 U.S.C. 70.

APPENDIX II

Cases to the Same Effect as Park-In-Theatres Case

nsylvania Crusher Co. v. Bethlehem Steel Co. (C.C.A.), 193 F. (2) 445;

erican Chain and Cable Co. v. Rochester Ropes (C.C.A.), 199 F. (2) 325;

ilson v. Seng Co. (C.C.A. 7), 194 F. (2) 399;

ulkner v. Gibbs (C.C.A. 9), 199 F. (2) 635;

ay-Brite Lighting v. Ruby Lighting Corp. (C.C.A. 9), 191 F. (2) 521;

hotochart v. Photo Patrol, Inc. (C.C.A. 9), 189 F. (2) 625;

ianchi v. Barili (C.C.A. 9), 168 F. (2) 793;

lerrill v. Builders Ornamental Iron Co. (C.C.A. 10), 197 F. (2) 16;

ir Devices v. Air Factors (S.D. Cal.), 94 F. Supp. 819;

ackwood v. Briggs and Stratton Corp. (D. Del.), 99 F. Supp. 803;

National Brass v. Michigan Hardware Co. (W.D. Mich.), 75 F. Supp. 140;

Hope Basket Co. v. Product Advancement Corp. (W.D. Mich.), 104 F. Supp. 444;

Knickerbocker Plastic Co. v. Allied Molding Corp. (S.D. N.Y.), 96 F. Supp. 358;

Tourneau v. Tishman and Lipp (S.D. N.Y.), 119 F. Supp. 593;

Helene Curtis Industries v. Sales Affiliates (S.D. N.Y.), 105 F. Supp. 886;

Hueter v. Sears Roebuck & Co. (N.D. Ohio), 91 USPQ 238;

Juniper Mills v. J. W. Landenberger & Co. (E.D. Pa.), 76 USPQ 300;

Bruen v. Huff (W.D. Pa.), 100 F. Supp. 713;

Jacquard Knitting Machine Co. v. Ordinary Gauge Co. (E.D. Pa.), 108 F. Supp. 59; affirmed 101 USPQ 356;

Vischer Products Co. v. National Pressure Cooker Co. (W.D. Wis.), 92 F. Supp. 138.

Cf. Laufenberg, Inc. v. Goldblatt Bros. (C.C.A. 7), 187 F. (2) 823; Sales Affiliates v. National Mineral Co. (C.C.A. 7), 172 F. (2) 608; Philadelphia Gear Works v. Kerotest Mfg. Co. (W.D. Pa.), 101 F. Supp. 820; Sachs v. Cluett Peabody & Co. (S.D. N.Y.), 91 F. Supp. 37; Heston v. Kuhlke (N.D. Ohio), 81 F. Supp. 913; Fischer v. Karl (E.D. N.Y.), 6 FRD 268.

Other cases in which the principles stated in the *Park-In-Theatres Case* were applied in awarding attorney fees include:

Orrison v. C. Hoffberger Co. (C.C.A. 4), 190 F. (2) 787;

Blanc v. Spartan Tool Co. (C.C.A. 7), 178 F. (2) 104;

Pacific Contact Labs. v. Solex Labs. (C.C.A. 9), 209 F. (2) 529;

Shingle Products Patents v. Gleason (C.C.A. 9), 211 F. (2) 437;

Grant Paper Box Co. v. Russell Box Co. (D. Mass.), 106 F. Supp. 616; affirmed (C.C.A. 1), 203 F. (2) 177;

Krieger v. Colby (S.D. Cal.), 106 F. Supp. 124;

Brennan v. Hawley Products Co. (N.D. Ill.), 98 F. Supp. 369;

Barber-Colman Co. v. Sampsel Time Control (S.D. Ill.), 78 F. Supp. 770;

Falkenberg v. Bernard Edward Co. (N.D. Ill.), 85 USPQ 127;

Young v. General Electric Co. (N.D. Ill.), 96 F. Supp. 109;

E. V. Prentice Co. v. Associated Plywood Mills (D. Ore.), 113 F. Supp. 182.

Cf. Signal Mfg. Co. v. Kilgore Mfg. Co. (C.C.A. 9), 198 F. (2) 667; Aeration Processes v. Walter Kidde & Co. (C.C.A. 2), 177 F. (2) 772; Dixie Cup Co. v. Paper Container Co. (C.C.A. 7), 169 F. (2) 645; Dimet Proprietary v. Industrial Metal Productives (D. Del.), 109 F. Supp. 472.